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August 2, 2004

Mr. Pat Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Counce Natural Gas Company/Rate Increase
Cause No. 04-00037


Dear Mr. Miller:

Please find enclosed the Counce Natural Gas Company Proposed New General Rules and Regulations which conform to the testimony of Michael D. Horton at the hearing held July 30, 2004, at 2:30 P. M. before the Tennessee Regulatory Commission. This filing is necessary due to a discrepancy between the proposed Tariff filed with the original Petition for a rate increase in February, 2004, and the proposed New Tariff filed with the Amended Petition For Rate Increase dated July 6, 2004.

I am enclosing the original and thirteen copies pursuant to the rules and regulations of the TRA.

If all is not in order, please advise.

Sincerely,


Thomas M. McElroy

lnl

BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN RE: APPLICATION OF COUNCE NATURAL GAS CORPORATION
TO INCREASE ITS RATES**

DOCKET NO 04-00037

**REVISED PROPOSED NEW GENERAL RULES AND
REGULATIONS FOR COUNCE NATURAL GAS COMPANY
REVISED TO CONFORM TO THE TESTIMONY OF MICHAEL
D. HORTON AT JULY 30, 2004 HEARING**

AUGUST 2, 2004

COUNCE NATURAL GAS COMPANY
PROPOSED NEW
GENERAL RULES AND REGULATIONS

1 EXPENDITURES FOR PLANT ADDITIONS

Prior to beginning the construction of any property or additions to plant, where the cost of same exceeds \$10,000, plans shall be submitted to the Tennessee Regulatory Authority for their approval

2 REPORTS

Quarterly financial statements will be filed with the Tennessee Regulatory Authority.

3 RECORDS

All records required by the Tennessee Regulatory Authority will be kept at the company office located at Highway 72, Burnsville, Mississippi. Unless otherwise specified by the Authority, all records required by the Authority shall be preserved for the period of time specified in the current edition of the National Association of Regulatory Utility Commissioners' publication "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities "

4 PIPELINE SAFETY RULE

The Operating and Maintenance Procedure Manual that has been filed with the Tennessee Regulatory Authority will be kept current with applicable laws and used as a guide in complying with this rule

5 STANDARD HEATING VALUE OF GAS

The gas supplied to customers shall have a minimum heating value equal to the heating value of the gas furnished by the company's supplier or suppliers (This normally varies between 1000 and 1040 BTU per cubic foot)

6 CUSTOMER SERVICE REQUESTS

Each customer desiring service of the types supplied by the company shall request the services either by writing, calling, or coming in person to the company office on Highway 72, Burnsville, Mississippi. This is required so that the proper forms and records can be processed

7. DEPOSITS

Prior to providing gas service to a customer the following amounts of cash deposits, intended to guarantee payment of current bills for gas service, will be made with the company, rental houses,

apartments, or mobile homes - \$150 00 houses owned by the customer - \$50 00, and small commercial - \$150 00, large commercial will be based upon monthly usage. The above deposits may be increased to an amount estimated to be equal to the two highest regular billing periods, where the management of the company has experienced collection problems or has valid reasons to expect collection problems with a customer.

8 EXTENSION POLICY

a Service Lines - A service line will be installed at a cost of \$1 35 per foot plus \$40 00 for riser and tap.

b Main Extensions - Gas mains will not be installed or extended without charge. A feasibility study that reflects the gas customer's gas consumption will determine the costs as well as economically support the extension. Gas mains may be extended for reasons other than the above at the direction of the President of the Company.

9 COMPANY OWNED EQUIPMENT ON CUSTOMER'S PREMISES

The company will normally furnish, own, and maintain the following equipment on customer's premises; a service line, a gas shut off valve or valves, a gas pressure regulator or regulators with proper relief devices and a gas meter. If a service line is found to be leaking or damaged as the result of actions of the customer, the service line will be repaired or replaced at customer's expense and the cost of gas wastage will be reimbursed by the Customer to the Company.

10 MEASUREMENT OF GAS

The gas furnished to residential and small commercial customer will be measured at standard service pressure (atmospheric pressure = 4 ounces) and under the condition existing in the meter, however, a meter which corrects the temperature of the gas to a base F may be used at the company's option.

The gas furnished to large commercial and industrial customers will be measured in accordance with the applicable rate schedule or as specified in the gas contract between the customer and the company.

11. METER READING AND BILLING

- a The monthly customer service charge for a residential customer is \$10 00 per month.
- b The monthly customer service charge for a commercial customer is \$20 00 per month.
- c The monthly customer service charge for an industrial customer is \$300 00 per month.

Meters will be read monthly on a scheduled cycle basis with a bill for the gas consumed during the billing period mailed to the customer by the fourth day following the date that the meter was read. The bill rendered to the customer will be based on the type of service furnished in accordance with approved rate schedules or existing contracts with the company.

12 DISCONTINUANCE OR SUSPENSION OF SERVICE FOR NONPAYMENT OF GAS BILLS

Residential and small commercial customers bills become due on the 1st^h day of each month and become delinquent on the 11th day of each month unless the 10th day of each month falls on a weekend or holiday and if so the following day will be penalty free When the bill becomes delinquent a 10 % charge will be added and the customer notified with a late notice that their gas service will be discontinued if the bill is not paid by the 26th day of the month

13 SERVICES PROVIDED TO CUSTOMER'S APPLIANCES

The company will provide the following service free of charge to its Residential and small commercial customers, if performed during normal working office hours check for gas leaks on customer's piping and appliances The company will charge for the above services if it is made other than during normal office hours or required to be repeated frequently for the same customer.

14 WASTAGE OF GAS

If gas wastage occurs, the customer is responsible for the lost gas if the wastage is caused by the actions of the customer

15 SITUATIONS NOT COVERED BY THESE GENERAL RULES AND REGULATIONS

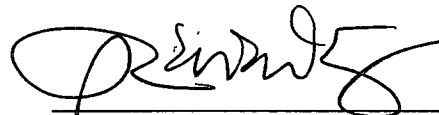
When prompt action is required for a situation not covered by these General Rules and Regulation, the President of the Company or his designated representative is authorized to determine what procedure should be followed After making a ruling of this type, it is to be brought to the attention of the President for his decision as to whether it should be added to the General Rules and Regulations

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid to:

Timothy C. Phillips
Senior Counsel
Consumer Advocate and Protection Division
P. O. Box 20207
Nashville, TN 37202

Dated this the 2nd day of August, 2004.

A handwritten signature in dark ink, appearing to read 'Tom McElroy', written over a horizontal line.

THOMAS M. MCELROY